

Senate File 90 - Introduced

SENATE FILE _____
BY DANIELSON

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act allowing the purchase of service credit under the
2 statewide fire and police retirement system for prior service
3 under the retirement system.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1987SS 83
6 ec/nh/8

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1 1 Section 1. NEW SECTION. 411.10A PURCHASE OF SERVICE
1 2 CREDIT FOR PRIOR SERVICE.
1 3 1. An active member of the system who has been a member of
1 4 the retirement system five or more years and who received a
1 5 refund of the member's contributions for a prior period of
1 6 service under the system may elect to purchase up to five
1 7 years of service credit for that prior period of service, that
1 8 will be recognized by the retirement system for purposes of
1 9 calculating a member's benefit, pursuant to Internal Revenue
1 10 Code section 415(n) and the requirements of this section.
1 11 2. a. A member seeking to purchase service credit
1 12 pursuant to this section shall file a written application with
1 13 the system requesting an actuarial determination of the cost
1 14 of a purchase of service credit. Upon receipt of the cost
1 15 estimate for the purchase of service from the system, the
1 16 member may make contributions to the system in an amount equal
1 17 to the actuarial cost of the service credit purchase.
1 18 b. For purposes of this subsection, the actuarial cost of
1 19 the service credit purchase is an amount determined by the
1 20 system in accordance with actuarial tables, as reported to the
1 21 system by the system's actuary, which reflects the actuarial
1 22 cost necessary to fund an increased retirement allowance
1 23 resulting from the purchase of service credit.
1 24 3. The system shall ensure that the member, in exercising
1 25 an option provided in this section, does not exceed the amount
1 26 of annual additions to a member's account permitted pursuant
1 27 to section 415 of the federal Internal Revenue Code.
1 28 4. The board of trustees shall adopt rules providing for
1 29 the implementation and administration of this section.

EXPLANATION

1 31 This bill permits an active member of the Municipal Fire
1 32 and Police Retirement System (MFPRSI) who has been a member of
1 33 the retirement system for five or more years to purchase
1 34 service credit for prior service under MFPRSI in which the
1 35 member received a refund of the member's contributions. The
2 1 bill provides that the member may purchase up to five years of
2 2 membership service for that period of prior service upon
2 3 making contributions to the system in an amount equal to the
2 4 actuarial cost of the purchase of service credit. The bill
2 5 provides that the board of trustees shall adopt rules
2 6 providing for the implementation and administration of this
2 7 new purchase of service credit.
2 8 LSB 1987SS 83
2 9 ec/nh/8